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**Dominion
Stores Limited
Twenty-eighth**

annual report

**for the fiscal year ended
March 20th, 1948**

DOMINION

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The Aim of

Dominion Stores Limited

is to fulfil with ever-increasing efficiency its responsibility as a distributor of food, thereby performing a satisfactory service to the consumer, producer, manufacturer and processor; to discharge its responsibility to shareholders whose investment makes the Company possible; and to provide its employees with a satisfactory living under the best possible conditions.

Part of large crowd at the opening of new Dominion Master Market at 35 King Street, Oshawa, Ontario, March 30th, 1948.



directors and officers

directors

STEWART G. BENNETT
*ROLPH R. CORSON
*J. WILLIAM HORSEY
JOHN B. JAMESON
*JOHN A. McDOUGALD
HON. LUCIEN MORAUD, K.C.
LT.-COL. W. E. PHILLIPS
J. EDOUARD SIMARD
LOUIS D. SQUAIR
*E. P. TAYLOR
HOWARD L. WALKER
*E. GORDON WILLS

**Member of Executive Committee of the Board of Directors*

officers

Chairman of the Board . . . E. GORDON WILLS
President J. WILLIAM HORSEY
Executive Vice-President . . LOUIS D. SQUAIR
Vice-President IVOR CRIMP
Vice-President C. W. FOSTER
Secretary ALFRED A. BEEVOR
Treasurer T. G. MCCORMACK

transfer agents

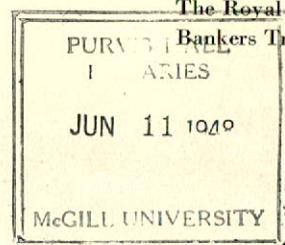
Crown Trust Company, Toronto, Canada.
The Royal Trust Company, Montreal, Canada.
Bankers Trust Company, New York, U.S.A.

registrars

Chartered Trust & Executor Company, Toronto
and Montreal.
Bankers Trust Company, New York, U.S.A.

bankers

The Canadian Bank of Commerce
The Bank of Toronto
The Bank of Nova Scotia
Banque Canadienne Nationale
The Royal Bank of Canada



annual report to the shareholders

of

Dominion Stores Limited

On behalf of the Board of Directors, there is presented herewith a report on the operations of your Company for the fiscal year ended March 20th, 1948; together with financial statements, including the Balance Sheet and Statement of Earned Surplus as of March 20th, 1948.

earnings:

Net profits, after providing for Income and Excess Profits Taxes, amounted to \$883,016. compared with \$760,920. last year; an increase of \$122,096. Net profit being equal to \$2.86 per share compared with \$2.46 per share last year; an increase of 40c per share.

You will note from the figures presented that earnings realized during the year, while higher in dollars are lower percentagewise, and are not commensurate with the tremendous increase in sales volume. This situation is due, first, to a much narrower gross margin (the difference between what we pay for merchandise and our selling price) and is indicative of your Company's resistance to consumer price increases; and secondly, to the continued rising cost spiral of operating expenses.

operating expenses:

The cost of operating the business rose very substantially during the year as a result of sharp increases in nearly every item of expense. Employees' payrolls and benefits were \$1,008,158. higher than last year, totalling \$4,567,233. Part of this increase was due to the greater number of employees required to handle the larger volume but the major portion was due to increases in individual wages.

Rising costs of operation present a serious problem of which your management is acutely aware. To this end, efficiency of operation—always the prime basic principle of the management of your business—will continue as such and every step will be taken to achieve the maximum in efficiency and economy of operation.

sales:

Total sales for the year ended March 20th, 1948, amounted to \$53,492,224; an increase of \$12,593,303. or 30.79% over last year. This constitutes a record high in sales volume for the seventh consecutive year. Part of this increase in volume is attributable to higher retail prices as a result of higher costs to us, however, the sustained increase in sales over the past seven years reflects the growing popularity of 'Dominion Service' in the communities we serve.

taxes:

Provision for Income and Excess Profits Taxes for the year ended March 20th, 1948, amounted to \$769,000. This compares with \$821,000. provided during the year 1946-47; a decrease of \$52,000. due to the repeal of the Excess Profits Tax Act as of December 31st, 1947. It is believed that adequate reserves have been provided in estimating the Company's liability for Dominion and Provincial Taxes.

dividends and surplus:

Dividends totalling \$1.40 per share were paid to Shareholders during the year ended March 20th, 1948, as follows: June 14th, 1947, thirty-two and one-half cents; September 15th, 1947, thirty-two and one-half cents; December 15th, 1947, thirty-seven and one-half cents; March 15th, 1948, thirty-seven and one-half cents. Total dividends paid during the year amounted to \$432,632. compared with \$350,220. last year; an increase of \$82,412.

Earned Surplus Account after payment of dividends amounts to \$1,978,580. or \$6.40 per share.

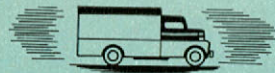
***our operating record for the year ended
March 20th, 1948***

and what happened to each hundred dollars of sales

our income (sales)

	Total Dollars	Each Hundred Dollars
Total Sales Amounted To	\$53,492,223.76	\$100.00

our costs



Paid to Producers, Manufacturers and Processors for Merchandise and Supplies	45,581,168.92	85.21
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Paid to Employees for Salaries and Wages, including Cost-of-Living Bonus, Pension Plan, Group Insurance, and Other Benefits	4,567,232.78	8.54
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Paid to Landlords, Utility Companies and Municipalities, for Rents, Taxes, Insurance, Licenses, Light, Heat, Etc.	1,171,698.23	2.19
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Paid to Dominion and Provincial Governments for Income and Excess Profits Taxes .	769,000.00	1.44
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Paid for Advertising, and Overhead Expenses, including Donations, Legal Fees, Audit Fees and Expenses other than those shown above	520,108.11	.97
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This Brought Our Total Costs To	\$52,609,208.04	\$ 98.35
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our profit

	\$ 883,015.72	\$ 1.65
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Divided as Follows:

Paid to Common Stockholders as Dividends	432,631.52	.81
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Retained for Working Capital and Development	450,384.20	.84
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finances:

Within the last three fiscal years substantial capital expenditures have been made as will be noted from the following table showing the net fixed asset position of your Company at recent year-end dates.

TABLE OF INVESTMENT IN LAND, BUILDINGS AND EQUIPMENT
(Less Depreciation)

March 17th, 1945.....	\$ 918,811.
March 16th, 1946.....	\$1,581,434.
March 22nd, 1947.....	\$2,278,174.
March 20th, 1948.....	\$3,697,666.

These figures reveal that since the commencement of the 1945 fiscal year, the net amount invested by your Company in land, buildings and equipment has increased by over \$2,700,000. These monies have been spent under a carefully planned programme designed to protect the interests of your business by the acquisition of a new plant in Toronto, providing the Company with modern warehousing facilities; the modernization of existing retail units and a development programme of new retail outlets through the building and equipping of a number of new modern DOMINION Master Markets.

The major portion of the capital expenditures made in the past three years have been for the purpose of acquiring land and buildings for new retail store outlets. The programme of building retail outlets does not alter your Company's policy of renting rather than owning retail store buildings. This procedure has been adopted to facilitate the acquisition of the most desirable retail outlets with the minimum of effort and to provide satisfactory Dominion Service in communities where careful analysis indicates such action is advisable. Upon the completion of these individual projects it is intended to sell them to investors at cost, your Company in each case retaining a protective and satisfactory lease based on a reasonable rental cost.

Although such investments are not permanent, it does require a revolving fund to cover such building projects as may be under construction but not yet completed. Because of this factor, it was deemed advisable to reimburse your Company's Working Capital through the medium of a term bank loan. Accordingly, this borrowing arrangement was made with the Bank of Nova Scotia, Toronto, Ontario, to provide funds as required up to \$3,000,000. This loan is collaterally secured by the Company's debentures and is to mature on June 30th, 1953. However, your Company has the privilege of repayment in full or in part at any time without notice or bonus. The major portion of your Company's expenditures for capital and inventory purposes having been provided from earnings, it will be noted that the borrowings from the Bank under the foregoing arrangement amounted to \$1,000,000. at March 20th, 1948.

administrative appointments:

On June 26th, 1947, L. D. Squair was appointed Executive Vice-President. Two new officers were appointed; Ivor Crimp to Vice-President in charge of Merchandising and Physical Operations and C. W. Foster to Vice-President in charge of Personnel and Public Relations.

shareholders:

On March 20th, 1948, Dominion Stores Limited was owned by 2,101 Shareholders.

personnel:

Due to the modernization and extension of Dominion Service which greatly increased sales volume, more than 400 new employees were added to the permanent staff during the fiscal year, bringing the total to 2060.

The Pension Plan continues to play a very important role as an employee security measure. No single personnel policy has brought greater satisfaction to the rank and file of employees.

Our wage policies have brought about a highly satisfactory condition for our employees, not the least of which is our Job Evaluation Plan and Cost-of-Living Bonus Plan, the latter adopted on July 1st, 1947.

In all phases of our personnel administration programme, the fiscal year just closed has been extremely gratifying. In selection and training, conditions and terms of employment, employee security and group relations, the situation has progressively improved. Staff turnover has decreased to pre-war levels, eliminating the more serious problem with which we were faced during the war years and the early post-war period. The contribution made by our employees during the fiscal year just closed in handling the largest volume of business in our history, is appreciated fully by your directors, and we take pleasure in publicly thanking the employees for their loyalty and support during the year.

On Behalf of the Board of Directors
J. WILLIAM HORSEY,
President

our financial position as at March 20th, 1948

we owned (assets)

Cash on Hand.....	\$ 652,470.27
Money Owed to Us.....	166,462.16
Merchandise on Hand.....	3,799,044.43
Properties, Plants and Equipment.....	3,697,666.52
Other Sundry Assets.....	411,982.53
Total Owned.....	<u>\$8,727,625.91</u>

we owed (liabilities)

For Merchandise and Supplies.....	\$1,619,917.10
Dominion and Provincial Taxes.....	553,913.70
Term Bank Loan.....	1,000,000.00
Total Owed.....	\$3,173,830.80
Difference Between What We Owned and What We	
Owed (NET WORTH).....	<u>5,553,795.11</u>
	<u>\$8,727,625.91</u>

five-year statistical summary

	1947-48	*1946-47	1945-46	1944-45	1943
Net Sales.....	\$53,492,224.	\$40,898,921.	\$34,829,346.	\$31,989,334.	\$27,655,078.
Net Profit.....	\$ 883,016.	\$ 760,920.	\$ 450,804.	\$ 361,119.	\$ 320,804.
Net Profit Per Share.....	\$ 2.86	\$ 2.46	\$ 1.55	\$ 1.29	\$ 1.15
Shares of Stock Issued.....	309,014	309,014	290,014	280,014	280,014
Number of Stockholders.....	2,101	2,097	2,194	2,149	2,157
Dividends Paid.....	\$ 432,632.	\$ 350,220.	\$ 198,010.	\$ 140,007.	\$ 112,006.
Dividends Per Share.....	\$ 1.40	\$ 1.15	\$.70	\$.50	\$.40
Taxes (Income and Excess Profits).....	\$ 769,000.	\$ 821,000.	\$ 885,000.	\$ 665,000.	\$ 550,000.
Taxes Per Share.....	\$ 2.49	\$ 2.66	\$ 3.05	\$ 2.37	\$ 1.96
Current Assets.....	\$ 4,743,958.	\$ 3,980,460.	\$ 4,680,417.	\$ 4,144,016.	\$ 4,020,953.
Current Liabilities.....	\$ 2,173,831.	\$ 1,553,136.	\$ 2,230,891.	\$ 1,307,444.	\$ 1,326,006.
Working Capital.....	\$ 2,570,127.	\$ 2,427,324.	\$ 2,449,526.	\$ 2,836,572.	\$ 2,694,947.
Ratio Current Assets To Current Liabilities....	2.2	2.5	2.1	3.1	3.0
Number of Stores at Year End.....	228	229	234	243	251

*Contains 53 weeks

Dominion Stores Limited*balance***assets****CURRENT:**

Cash	\$ 652,470.27	
Accounts Receivable (Less Reserve for Bad Debts)	72,700.59	
Refundable Excess Profits Tax (Due prior to 31st March, 1949)	93,761.57	
Merchandise:		
(Inventories of merchandise and supplies in warehouses and meats and fruits in stores determined by physical count; groceries in stores determined by physical count prior to 20th March, 1948, and adjusted to that date; merchandise in storage and in transit determined from inventory records. All valued at the lower of cost or market)	3,799,044.43	
		\$4,617,976.86
DEFERRED CHARGES AND PREPAID EXPENSES		125,981.53
REFUNDABLE EXCESS PROFITS TAX (Due subsequent to 31st March, 1949)		286,000.00

FIXED (at cost):

Store, Warehouse and Office Equipment	\$2,055,536.43	
Deduct: Reserve for Depreciation	1,092,066.76	
	963,469.67	
Buildings	2,236,278.04	
Deduct: Reserve for Depreciation	92,631.62	
	2,143,646.42	
Land	590,550.43	
		3,697,666.52
GOODWILL		1.00

\$8,727,625.91**auditors' report to the shareholders**

We have made an examination of the books and accounts of Dominion Stores Limited for the year ended 20th March, 1948, which included tests of the accounting entries to the extent that we considered necessary, and have obtained all the information and explanations which we have required.

In our opinion, the above Balance Sheet and accompanying Statements of Income and Expenditure and Earned Surplus are properly drawn up so as to

as at 20th March, 1948

liabilities

CURRENT:

Accounts Payable and Accrued Charges	\$1,619,917.10	
Dominion and Provincial Taxes	553,913.70	
	<u> </u>	\$2,173,830.80

DEFERRED:

Notes Payable to Bank, 4½%. Due 30th June, 1953, with right of prepayment (collaterally secured by debentures)		1,000,000.00
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CAPITAL STOCK AND SURPLUS:

Capital Stock:

Authorized—

1,000,000 common shares without nominal or par value

Issued—309,014 shares

3,575,214.96

Earned Surplus: (Per Statement Attached)

1,978,580.15

5,553,795.11

NOTE: As required by a ruling under the Excess Profits Tax Act, it is hereby noted that the Company proposes to claim an inventory reserve for taxation purposes.

Approved on Behalf of the Board.

E. GORDON WILLS }
S. G. BENNETT } Directors

\$8,727,625.91

exhibit a true and correct view of the state of the company's affairs as at 20th March, 1948, and of the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

(Signed) McDONALD, CURRIE & CO., Chartered Accountants
Toronto, 3rd May, 1948

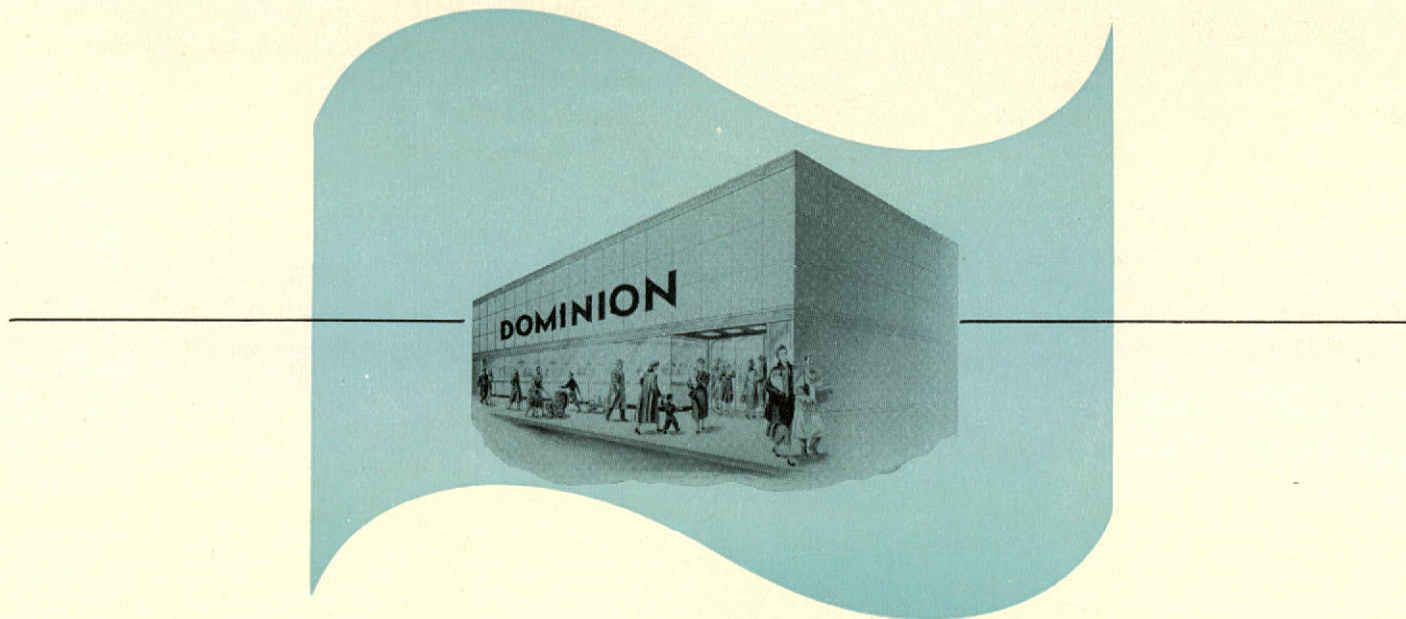
Dominion Stores Limited

statement of income and expenditure for the year ended 20th March, 1948

Sales		\$53,492,223.76
Cost of Sales, Selling and Administrative Expenses other than those shown below		51,416,548.74
Operating Profit		2,075,675.02
Deduct:		
Provision for Depreciation of Fixed Assets	\$ 141,698.57	
Employees' Pension Plan	79,631.59	
Executive Remuneration	171,426.99	
Directors' Fees	11,750.00	
Legal Fees	18,658.95	
Interest on Notes	493.20	
		<u>423,659.30</u>
Profit before provision for Income and Excess Profits Taxes		1,652,015.72
Provision for Income and Excess Profits Taxes		769,000.00
NET PROFIT FOR THE YEAR		<u>\$ 883,015.72</u>

statement of earned surplus for the year ended 20th March, 1948

Balance at credit 22nd March, 1947	\$1,528,195.95	
Add: Net Profit for the Year	883,015.72	
		<u>\$2,411,211.67</u>
Deduct: Dividends		432,631.52
Balance at credit 20th March, 1948		<u>\$ 1,978,580.15</u>



New Dominion Master Markets
a modern service
for
great communities

The opening of eight new DOMINION Master Markets in six cities signalizes the introduction of improved and essentially modern standards of food distribution, long contemplated, and designed to meet more fully the requirements of the modern shopper in great Canadian communities.

The photographs on the pages which follow are evidence of the advances already made in your Company's progressive service to great communities, through the establishment of stores which are at once more attractive in appearance, and more efficient in operation.

In the past twelve months two new DOMINION Master Markets have been opened in Toronto and Montreal, and one in each of the cities of London, Brantford, Oshawa and Kingston. It will

Eight New DOMINION



KINGSTON: opened March 30th, 1948, at 445 Princess Street



*LONDON: opened December 2nd, 1947,
at 595 Richmond Street*

*BRANTFORD: opened January 27th, 1948,
at 58 Market Street*

be seen that both the exterior and the interior of these stores combine modern smartness of appearance with up-to-date simplicity of design. They embody, in fact, the most complete and comprehensive features of shopping centres that are planned in every detail for the convenience and pleasure of the busy shopper. The spacious shopping area—wide aisles—easy-to-reach self-service displays—the bounteous array of fine and staple foods at low prices—all make their individual contribution to the essential aim and purpose of your Company which progressively seeks to render fuller service to the shopper—as the first essential of progress.



Master Markets



*MONTREAL: (Town of Mount Royal)
opened May 4th, 1948, at 1281 Canora Road*

*TORONTO: opened October 28th, 1947,
at 2300 Yonge Street*



*TORONTO: opened April 27th, 1948,
at 380 Donlands Avenue*



*OSHAWA: opened March 30th, 1948,
at 35 King Street*

*MONTREAL: opened April 13th, 1948,
at 2155 Beaubien Street*



Toronto Plant • General Offices • Toronto Division Offices • Retail Store

1. Paved roadway from Keele Street to shipping dock.
2. Shipping area 25,500 square feet—handles 30 trucks and/or trailers simultaneously.
3. Entrance to Equipment Construction Department from Keele Street. This department contains 50,000 square feet in sub-basement.
4. Main Floor—240,000 square feet—650 feet x 475 feet at extreme points.
5. Monitor lighting system gives natural light in every foot of floor space. There are over 50,000 panes of glass in the plant.
6. Incinerator and boiler room smoke stacks. The incinerator has a capacity of 15 tons per 24 hours.
7. Railway siding over 500 feet long—will handle 12 to 13 cars at one time. (Now enclosed).
8. Truck receiving area 10,500 square feet—entrance off Keele Street. (Now enclosed).
9. Employees' entrance and employment offices.
10. Main Office entrance.
11. Retail store building—12,000 square feet on one floor.
12. Guardhouse.
13. Four parking areas—capacity 125 to 150 cars.
14. Main entrance to plant 832 Old Weston Road.

highlights

Total floor area under one roof 327,250 square feet, or approximately $7\frac{1}{2}$ acres.

Total refrigerated or air-cooled rooms 22,500 square feet.

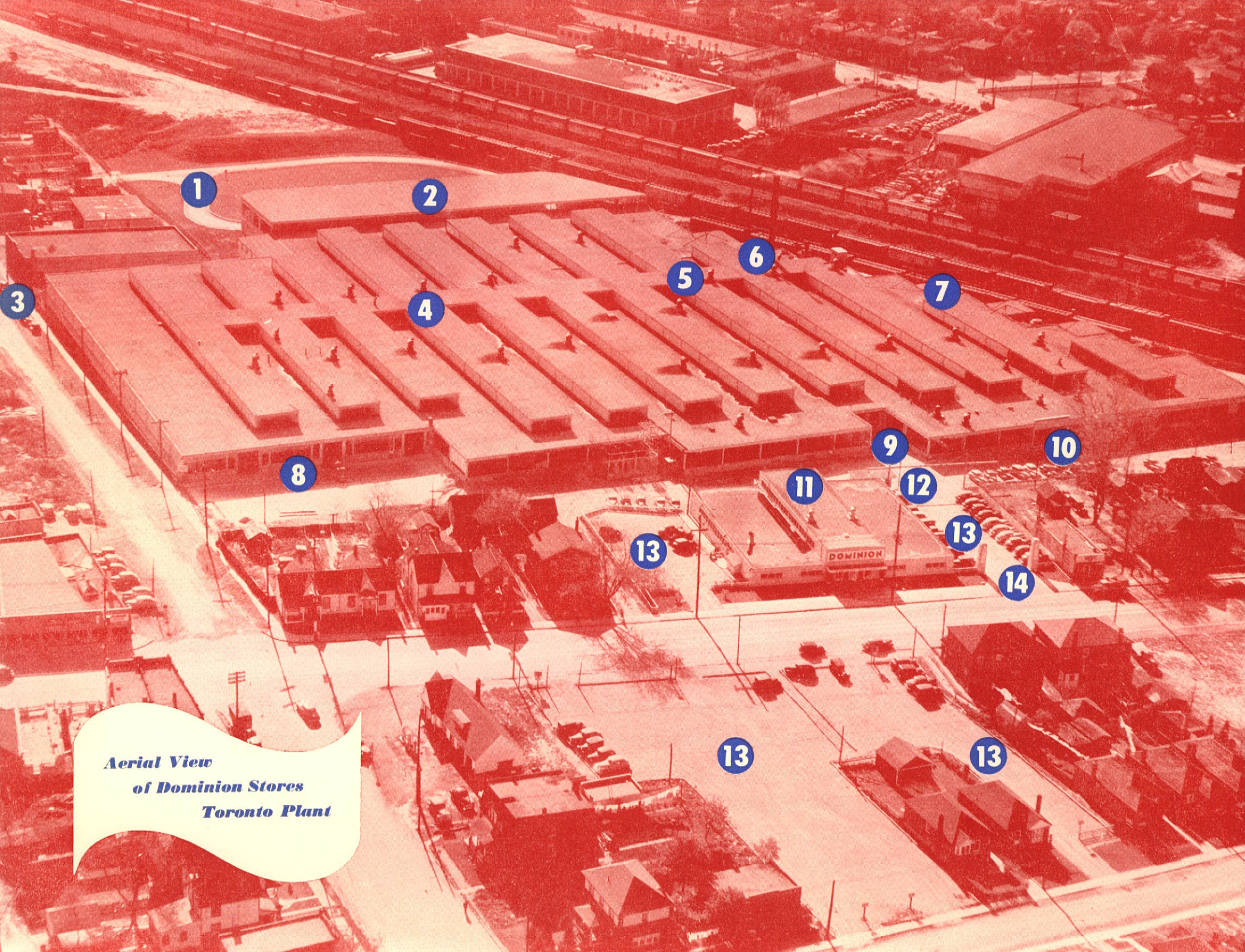
Total ground area 9.66 acres.

It is the largest plant of its kind in Canada, and one of the largest on the North American Continent.

Since this picture was taken, the Truck Receiving area No. 8 and the Rail Receiving Dock No. 7 have been covered and enclosed.

*key
to
aerial
photograph*

***Dominion
Stores
Limited***



*Aerial View
of Dominion Stores
Toronto Plant*

